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INFO RUEHBD/AMEMBASSY BANDAR SERI BEGAWAN PRIORITY 0046  
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RUEHSG/AMEMBASSY SANTIAGO PRIORITY 0097  
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 0488  
RUEHNZ/AMCONSUL AUCKLAND PRIORITY 1392  
RUEHDN/AMCONSUL SYDNEY PRIORITY 0544  
RHMHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUCPDOC/USDOC WASHDC PRIORITY 0160  
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY

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PASS TO USTR, USPTO, COMMERCE FOR ITA

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TAGS: ECON ETRD KIPR PREL NZ

SUBJECT: NEW ZEALAND'S MINISTER OF TRADE, PHIL GOFF  
EXPLORES POSSIBILITY OF REGIONAL FREE TRADE AREA WITH  
VISITING U.S. DELEGATION IN NZ FOR TIFA TALKS

1). (SBU) SUMMARY: New Zealand's Minister of Trade, Phil Goff met briefly with the U.S. TIFA delegation on Tuesday, July 7, in his office to solicit their assessment of the TIFA talks and discuss the status of trade promotion authority legislation in the U.S. Congress. Minister Goff had discussed the status of U.S. Trade Promotion Authority (TPA) legislation extensively during his May Washington trip and in meetings with USTR Schwab in Cairns last week. Minister Goff explored options which may advance a U.S.-New Zealand's Free Trade Agreement (FTA). He expressed interest in considering the New Zealand's Trans-Pacific Strategic Partnership (P4) Agreement as a foundation for a broader regional free trade area. Discussions also focused on the specifics of resistance in the U.S. domestic markets to competition from NZ agricultural products.

2). (SBU) New Zealand Trade Minister Phil Goff met July 10 with Assistant U.S. Trade Representative Barbara Weisel, James Murphy and Cathleen Enright of USTR, along with Ariadne Benissa of Commerce Dept., Khalaika Meardry of USDA, Wellington DCM David Keegan, and Acting Pol/Econ Chief Tom Walsh. Weisel told Minister Goff that the TIFA talks were going well and more in-depth than initially expected. The Minister again expressed his wish to secure an FTA and raised the possibility of using New Zealand's concluded Trans-Pacific Strategic Partnership ("P-4") Agreement as a means toward this end and possibly as a path toward achieving a broader regional trade agreement. Weisel explained a regional agreement could be achieved through one of three paths: 1) negotiations de novo, 2) harmonizing current trade agreements, or 3) building on extant regional FTA clusters. This prompted Minister Goff to suggest possibly building on "P-4" which is a free trade area consisting of NZ, Chile, Singapore and Brunei to provide the required architecture for an expanded trade arrangement between NZ and the United States.

3). (SBU) Weisel explained that the TIFA discussions had provided an opportunity to discuss in more detail other third-party FTAs being negotiated by both countries, including the P-4 agreement. While USG internal review has revealed that the P-4 agreement is broadly similar to the U.S. FTAs with Singapore and Chile, Weisel also noted that,

in its current form, it would not meet the requirements of U.S. Trade Promotion Authority (TPA). She noted shortfalls in many chapters, including the significant differences between the intellectual property (IP) chapters of U.S. FTAs and the P-4 Agreement. (Note: in TIFA talks, New Zealand emphasized that it was open to amending the P-4 Agreement if a "significant trading partner" were interested in acceding to the Agreement. End note). Goff proffered that an ideal solution would combine the P4 plus NAFTA plus Australia. He stressed this approach because, he opined, an APEC FTA is unlikely to occur any time soon.

4). (SBU) The discussions then shifted from the possibilities of broader regional free trade architecture to the specific issues causing resistance from U.S. agricultural interests to an FTA with NZ. USTR's James Murphy explained the U.S. dairy lobby was concerned about perceived competition from NZ farmers and the unsettled political climate underlying efforts to secure TPA (What does this last part refer to?). Goff asked why a similar set of concerns about dairy and agriculture didn't prevent the U.S. - Australia FTA from going forward. Barbara Weisel explained that one of the key differences between the Australia and New Zealand markets was the positive influence of the significant off-setting industries not present in the NZ economy. While Minister Goff stressed the need to fight against protectionist proclivities particularly in light of the negative effect these forces have had on achieving Doha goals, he agreed with the U.S. delegation that the TIFA talks continue to be an opportunity to move forward by targeting work on mutually beneficial areas.

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5). (SBU) Following this meeting, Minister Goff addressed the Action Asia Summit in Auckland where he expounded on a two prong approach to advancing free trade, i.e., "Plan A" and "Plan B." (A copy of his speech notes will be sent separately by email to State and USTR.) The Plan A approach - a successful Doha Round outcome - the details of which he expounded last week at the APEC meeting of Trade Ministers in Cairns. At the meeting, Goff called for "a commitment by all 21 member economies - responsible for 50 percent of world trade - to engage actively and constructively with Negotiating Group Chairs to seek a final agreement (for Doha)." If, however, this is not possible his Plan B approach envisions a grouping of "progressive economies including the U.S., Canada, Mexico, Australia, the P-4 countries , Korea and others which could reach a high quality Free Trade Agreement." Goff realistically stated that, "this option (Plan B) has not yet been tested but could be explored if avenues such as the Doha Round do not come to fruition." The Minister was actively testing the viability of Plan B in his conversation with the TIFA delegation (see para. 4).

KEEGAN